FINANCIAL MARKETS

	Monetary Base		M1		M2		Federal Funds		T-Bills (6 Mos.)	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1985	221.9	222.6	574.9	574.9	2427.4	2427.3	8.27	8.27	8.23	8.23
May	223.7	224.0	581.6	581.6	2444.6	2444.6	7.97	7.97	7.65	7.65
June	227.4	227.6	591.1	591.2	2472.8	2472.6	7.53	7.53	7.09	7.09
July	228.3	227.8	595.6	595.8	2495.6	2490.4	7.81	7.88	7.36	7.16
August	229.0	228.8*	596.7	604.0*	2503.5	2510.2*	7.94	7.82*	7.44	7.27*
September	229.8	229.6	597.9	606.1	2511.2	2526.5	8.07	7.93	7.52	7.41
October	231.3	231.0	603.6	609.4	2534.9	2544.2	8.09	8.14	7.60	7.56
November	232.8	232.4	608.8	612.4	2558.0	2562.0	8.27	8.20	7.68	7.49
December	234.2	233.8	614.9	614.9	2582.1	2579.9	8.45	8.12	7.76	7.35
January 1986	235.4	234.9	616.1	617.1	2597.2	2598.0	8.50	8.26	7.85	7.38
February	236.4	235.7	618.7	618.7	2608.3	2611.0	8.53	8.38	7.96	7.64
March	237.4	236.6	620.4	620.6	2619.5	2626.7	8.50	8.54	8.07	7.89
April	238.8	237.8	623.5	623.5	2638.4	2645.1	8.52	8.50	8.01	7.83
May	240.0	239.2	627.3	625.5	2655.3	2661.0	8.43	8.27	7.76	7.65
June	241.3	240.5	631.0	627.7	2672.0	2679.6	8.36	8.11	7.69	7.52
July	242.4	241.6	632.9	630.6	2686.4	2695.7	8.15	8.02	7.60	7.46
August	243.6	243.0	634.6	633.7	2701.2	2711.9	8.02	7.84	7.54	7.13
September	244.7	244.3	636.2	636.4	2716.1	2730.9	7.89	7.98	7.51	7.28

	Aaa (Seasoned)		Municipals (Bond Buyer)		(3 Month) Commercial Paper		90 Day CD's		Prime Rate	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1985	12.23	12.23	9.42	9.42	8.37	8.37	8.49	8.49	10.50	10.50
May	11.72	11.72	8.93	9.01	7.83	7.83	7.92	7.92	10.31	10.31
June	10.94	10.94	8.59	8.67	7.35	7.35	7.44	7.44	9.78	9.78
July	10.85	10.97	8.76	8.89*	7.71	7.56	7.86	7.14	9.50	9.50
August	11.06	11.04*	9.07	9.15	7.82	7.70*	7.96	7.81*	9.50	9.50*
September	11.28	11.05	9.31	9.21	7.89	7.85	8.13	7.99	9.50	9.50
October	11.25	11.17	9.25	9.29	8.02	8.02	8.17	8.17	9.50	9.50
November	11.47	11.26	9.52	9.35	8.15	8.16	8.31	8.26	9.99	9.73
December	11.69	11.07	9.76	9.06	8.38	8.15	8.54	8.30	10.00	10.00
January 1986	11.62	11.21	9.74	9.24	8.51	8.29	8.65	8.44	10.00	10.00
February	11.65	11.30	9.73	9.43	8.55	8.34	8.69	8.51	10.01	10.13
March	11.60	11.37	9.63	9.50	8.46	8.50	8.58	8.68	10.50	10.50
April	11.58	11.14	9.55	9.36	8.40	8.42	8.56	8.63	10.50	10.50
May	11.51	10.98	9.45	9.20	8.27	8.26	8.43	8.44	10.50	10.50
June	11.45	10.93	9.33	9.06	8.18	8.04	8.36	8.21	10.50	10.50
July	11.33	10.86	9.19	8.89	8.03	7.93	8.24	8.13	10.50	10.26
August	11.28	10.74	9.14	8.81	7.96	7.86	8.17	8.05	10.28	10.00
September	11.22	10.71	9.09	8.73	7.90	8.01	8.08	8.20	10.00	10.00

Fore. = August Forecast
C.E. = Current Expectations
* = This item and those beyond it are projections.

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MONTHLY PROJECTIONS
SEPTEMBER 1985

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DOLLAR INITIATIVE EXPECTED TO HAVE MINIMAL IMPACT

Over the weekend, the Group of Five decided to actively intervene in currency markets to drive the dollar down against the yen, mark, French franc, and British pound. Two other parts of the program are to coordinate increased economic stimulus in Europe and Japan while the United States is requested to further reduce government deficits. The "crisis" that financial ministers are addressing is the rising tide of protectionist legislation in the U. S. Congress.

Whether coordinated dollar activity will stem the tide of protectionist legislation remains to be seen. The Textile Quota Bill has been modified slightly, although that bill stands an excellent chance of passage in the Congress. Efforts to further reduce the U. S. deficit are not expected to be meaningful despite these decisions. To that extent, no fundamental changes will be generated in the United States.

However, some economic stimulus is anticipated in West Germany and Great Britain while modest initiatives are developing in Japan. These initiatives do not appear to be large enough to take the locomotive burden from the shoulders of the United States. However, they may be sufficient to ensure 3.5% GNP growth in Europe during 1986 and maintain 4% growth in Japan even as the U. S. slows to less than 3% economic expansion. This will have some meaningful impact upon the value of the dollar, causing it to fall to a 1980-1982 trade-weighted value of 122 by the end of 1986. Currently, the trade-weighted value is approximately 136.

The role of coordinated intervention probably already has done as much as can be achieved. Investors who held short positions in other currencies already have closed out those positions. Some international corporate treasurers who had used dollar denominated assets to hold their liquidity between transactions

may now be lightening their dollar liquidity holdings. This should momentarily create a surplus of dollar-based liquid assets in the world economy. As a result, money demand should fall and short-term interest rates should decline in the next few weeks. However, rapid money growth in recent months probably will encourage the Federal Reserve to use this temporary shift in money demand to slow the growth of the money stock. After a probable dip in October, short-term rates are expected to again trend upward toward the end of this year. As most of the adjustment will be in liquid holdings rather than long-term capital flows, the impact of the dollar intervention upon long-term interest rates should be minor.

Aside from portfolio adjustments, the following economic response is expected: First, a declining dollar will momentarily increase the merchandise trade deficit. However, shifting trade flows as a result of reduced foreign competitiveness in American markets should begin to narrow monthly trade deficits during the second half of 1986. Net exports in real terms are expected to be unchanged in 1986, following a significant decline this year. Second, the dollar's decline will raise prices for industrial materials. However, the magnitude of the decline currently envisioned will have only a minimal impact upon the pricing of imports in the United States. Profit margins commanded by importers are sufficient to absorb currency adjustments without forcing any significant price changes. At the same time, improved competitiveness by exporters will be too minor to create any significant capacity pressures on American industries. While the impact will be toward higher inflation, the magnitude of the price increase from what would have occurred in the absence of the dollar initiative should be on the order of 0.2-0.3% in 1986. Third, the slight strengthening of the economy generated by the dollar initiative should raise coporate profitability leading to an upward valuation of equities. However, economic activity still is expected to be sluggish in 1986 while interest rates are not expected to trend downward until the latter half of that year. Therefore, equity values should be slightly lower in 1986 than in 1985.

The GNP "flash" was weaker than expected because the Commerce Department anticipated a bulge in the trade deficit during August and September and also anticipated no real growth in residential or fixed investment. The third quarter report also indicated that the GNP deflator would be higher than the fixed-weighted value, suggesting that composition shifts would add to the GNP measure of inflation. Several of these assumptions are open to question.

Our projections clearly show that residential construction in the third quarter will exceed second quarter averages even with a decline in expenditures projected for August. Apparently, the Commerce Department used a projection based upon housing starts without recognizing that expenditures have accelerated relative to starts. Also, the August durable goods report showed significant increases in shipments of nondefense capital goods. Unless September shipments fall significantly, the shipment figures suggest that fixed investment will be stronger than in the second quarter. Finally, the Commerce report appears to be ignoring the composition shifts in consumption as a result of a surge in automobile sales. In fact, automobile production has not been significantly altered in the third quarter as a result of the dramatic response to financing incentives. Thus, the GNP should not be influenced by the surge in automobile sales. However, price adjustments for inventory liquidations are not expected to be as complete as the composition shifts for automobile consumption. If so, the deflator probably will be slightly less than the fixed-weight value.

When all the above factors are considered, estimated gains for the third quarter are 3.2% in real GNP and 2.9% for the GNP deflator. This compares to the 2.8% real estimate in the "flash" and the 3.1% deflator estimate.

Quarterly Profile of GNP

	1985-2	1985-3	1985-4	1986-1	1986-2	1986-3
Real:	1.9	3.2	4.2	2.8	2.5	1.6
Price:	2.6	2.9	3.9	4.1	4.4	4.5
Nominal:	4.5	6.2	8.3	7.0	7.0	6.2

Monthly Statistical Highlights for September 1985

Payroll employment +235,000; index of hours worked +0.3%; household employment +274,000; civilian unemployment rate 7.1%; personal income +0.6%; savings rate 2.9%; personal consumption +0.5%; retail sales +1.6%; auto sales 12.8 million; housing starts -0.1%; housing permits -2.6%; construction expenditures +0.9%; business inventories -0.3%; orders for durable goods -3.8%; orders for nondefense capital goods +1.4%; industrial production +0.4%; CPI +0.2%; PPI +0.2%; consumption deflator +0.2%; leading indicators +0.4%; real GNP +4.4%; M1 +11.0%; M2 +10.0%.

Monthly Statistical Highlights for October 1985

Payroll employment +268,000; index of hours worked +0.3%; household employment +290,000; civilian unemployment rate 7.0%; personal income +0.5%; savings rate 3.5%; personal consumption -0.2%; retail sales -1.7%; auto sales 10.6 million; housing starts +1.1%; housing permits -1.4%; construction expenditures +0.6%; business inventories +0.5%; orders for durable goods +0.6%; orders for nondefense capital goods +0.2%; industrial production +0.3%; CPI +0.3%; PPI +0.2%; consumption deflator +0.5%; leading indicators -0.2%; real GNP +4.3%; M1 +3.6%; M2 +8.5%.

COMMENTARY

Employment Situation - Apparently, the 6.7% surge in hours worked in motor vehicles reflects stronger production gains for light trucks rather than automobiles. The industrial production report for August did not confirm any seasonally adjusted increases in auto assemblies. Moreover, the gain in light trucks appears to be more fundamental than seasonal distortions. Under these circumstances, payroll employment could continue to grow significantly in the next few months.

Distortions still are anticipated in the household surveys as participation by teenagers and young adults return to a more normal seasonally adjusted pattern following an unusually sharp decrease in participations after seasonal adjustment during the summer.

Personal Income & Outlays - The retroactive Social Security payment in July was larger than originally reported. As a result, transfer payments fell more significantly in August than anticipated. In addition, interest income continued to fall despite signs of modest increases in short-term interest rates. In September the transfer distortions should no longer be present. By that time, property income should begin to increase. Indeed, the continued decline in August remains a mystery. Farm income will continue to deteriorate but not at the rates of recent months. Thus, income should rise more rapidly in September.

Of course, auto incentives are blowing 1985 models off the dealers' lots. For the first 20 days of September, sales have averaged nearly 12 million units for domestic vehicles. Dealers now are down to a 45-day supply of inventories. Sales should slow significantly in the last 10 days of September and fall sharply in October. In the meantime, savings rates are unusually low. Some increase in savings is anticipated following this surge in automobile buying.

Modest price increases enabled nondurable purchases to grow modestly in August despite significant gains in department store sales. Purchases of services spurted following unsually low sales by utilities in July. Moderate growth in service expenditures is expected in September while purchases of nondurables are expected to strengthen. Indeed, the outlays for nondurables in August were far short of what would have been anticipated by increases in retail sales. Some of our sales surveys are showing weakness in department store sales in the latter part of September, suggesting that strong automobile sales are beginning to detract from sales of other consumables. If so, expenditures for personal consumption may be more modest in the next few months than contained in our downscaled projections.

Construction - Builders apparently have decided that tax reform is not a significant possibility for 1986 incomes. They are beginning to use the building permits for rental property that had accumulated in recent months. If this pattern continues, housing permits will gradually diminish but housing starts should remain strong until early 1986. Vacancy rates should eventually reduce multi-family housing activity, although interest rates should remain favorable for single-family activity.

Although nonresidential construction was weaker than anticipated in July, orders rebounded significantly. Therefore, stronger construction spending patterns are expected in the latter part of the summer. However, construction purchases by utilities are beginning to show a secular decline. With limited need for industrial expansion and an obvious glut of office space, nonresidential construction could significantly deviate from forecasted value over the next year. Part of this will be offset by stronger public construction than originally projected. Apparently, many state and local communities are in capital spending programs because of concern that possible tax changes may reduce the ability to finance such projects in the future. These strong capital spending patterns are expected to be maintained over the next year.

Business Activity - Strong auto sales are at the expense of inventory. Indeed, our estimates of a slight increase in business inventories during August may prove to be incorrect. Manufacturing inventories also may show significant decline in August and September as a result of automobile liquidations. A significant rebound in inventories then is anticipated during the fourth quarter.

Shipments of nondefense capital goods remained robust despite moderate declines in the order backlog. Orders are expected to rebound to the vicinity of shipments in the next few months. If they do not, capital spending will begin to decline by the end of this year.

Industrial production did not show the rebound in August that had been anticipated by the employment statistics. Apparently, either the employment estimates were overstated or the industrial production figures were understated. Our feeling is that the industrial production figures showed more weakness than actually persisted. In particular, production of consumer goods, which was reported as increasing 0.7%, probably was understated. As production of materials only increased 0.1% in August, significant declines in inventories probably occurred.

Prices - The surge in automobile sales should substantially flatten the consumption deflator in August and September. Unwinding those composition shifts will dramatically increase the consumption deflator during the fourth quarter. Normally, this composition shift in consumption should be offset by pricing adjustments for inventories. However, the Commerce Department methodology for deflating inventory does not provide a full offset. Thus, the GNP deflator should be held down in the third quarter as a result of these composition shifts and then should accelerate in the fourth quarter.

Aside from the GNP deflator problems, inflation remains well-contained. A spurt in housing services will be reflected in the consumer services deflator in the next few months. However, no inflationary pressures for food and energy should continue to hold down consumer nondurable prices. Prices will be rising significantly for consumer durables, as automobile producers have substituted financing discounts for pricing discounts. Some of those financing discounts will be reflected in prices of consumer services. However, prices of consumer durables will increase more rapidly than originally projected because of this pricing adjustment.

The current dollar initiative is expected to have only modest effects upon inflationary pressures. Indeed, the apparent glut of energy materials should begin to exert downward pressures upon industrial commodity prices late in the winter. This will more than offset any upward price pressures created by the weakening dollar unless the dollar falls more dramatically than currently anticipated.

It should be noted that our GNP estimate shows significant gains through the fourth quarter despite a dramatic decline in auto sales following September. Some analysts have failed to recognize that the GNP reflects production. Sales incentives will significantly alter the composition of expenditures during the third and fourth quarters. Consumer spending will be much higher in the summer months than originally projected while inventory investment will be much lower. The process then will be reversed during the fourth quarter. However, the sales incentives will encourage the auto industry to produce at capacity through the fourth quarter. This is more robust than originally projected, leading to slightly higher estimates of production than previously made. Of course, the inventory buildup in the fourth quarter then could lead to slower production gains early in 1986.

It should also be noted that declining industrial prices, especially for energy materials, has lead to a positive inventory valuation adjustment. Therefore, inventories are growing more rapidly than the dollar valued inventory figures indicate. If producers have inventory valuation illusion, they may continue to underproduce inventory until prices begin to firm early in 1986. This could prolong the current economic expansion by failing to create the excess inventory accumulation that normally precedes an economic downturn.

FINANCIAL MARKETS

The flow of funds should show dramatic changes during the third quarter. Households obviously are sharply reducing their net contributions to the credit markets as a result of their auto buying binge. However, a higher-than-normal proportion of this increased economic activity from the household sector will end in the profits of producers. As a result, the corporate sector is expected to continue to reduce their growth in borrowings. Inventory liquidations during the third quarter also will aid corporate moderation in borrowings. Government borrowings are moderating again after seasonal adjustment, following refund releases during the spring. In short, ample moderation in credit market pressures are occurring in the government and corporate sector to offset the dramatic plunge in household contributions.

During the fourth quarter, some of these positions will be reversed. Government borrowings will intensify, household savings almost certainly must rise, while corporate borrowings must significantly increase to finance rising inventories. The dollar initiative may also diminish the attractiveness of dollars to foreign investors. This would lead to some upward pressures upon credit markets once the momentary excess liquidity generated by the dollar intervention policy is absorbed. For this reason, short-term interest rates are only momentarily expected to decline. The Federal Reserve probably will take this moderation in credit market pressures as an opportunity to slow money growth. By the end of the fall quarter, however, private credit pressures should once again intensify. Thus, interest rates still are expected to trend upward into the early months of 1986.

Equity Markets - Economic growth is slightly more sluggish in the third quarter than originally projected. However, the fourth quarter rebound is expected to be in line with previous anticipations. Interest rates may remain moderate slightly longer into the fourth quarter but should be trending upward by year's end. This would suggest that equity values will rise only modestly and may not quite challenge the 1400 barrier on the Dow Jones. Nevertheless, record highs on the Dow Jones still are anticipated during the fall. Equity values then are expected to drift downward through much of 1986.

EMPLOYMENT

	Payroll Employment		Index of Hours Worked		Household Civilian Employment		Civilian Unemployment Rate		Hourly Earnings Index	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1985	97120	97120	115.6	115.6	106945	106945	7.3	7.3	164.8	164.8
May	97386	97421	116.2	116.2	106960	106960	7.3	7.3	165.0	164.9
June	97466	97473	116.5	116.3	106370	106370	7.3	7.3	165.4	165.7
July	97639	97722	116.8	115.9	106865	106862	7.3	7.3	165.9	165.5
August	97952	98010	117.0	116.7	107180	107172	7.3	7.0	166.4	165.5
September	98265	98245*	117.3	117.0*	107494	107446*	7.3	7.1*	166.8	166.3*
October	98429	98513	117.6	117.3	107765	107736	7.2	7.0	167.4	166.8
November	98652	98723	117.9	117.5	108079	107987	7.2	7.0	168.0	167.2
December	98869	98908	118.1	117.7	108246	108222	7.2	7.0	168.7	167.6
January 1986	99027	99201	118.3	118.0	108453	108598	7.2	6.8	169.3	168.1
February	99196	99378	118.5	118.2	108689	108794	7.1	6.8	170.0	168.5
March	99311	99562	118.7	118.4	109237	109029	7.1	6.7	170.6	169.0
April	99507	99739	118.8	118.6	109534	109256	7.0	6.7	171.1	169.6
May	99648	99832	119.0	118.7	109475	109375	7.0	6.8	171.6	170.1
June	99798	100017	119.2	118.9	109107	109609	7.0	6.8	172.2	170.5
July	99943	100101	119.3	119.0	109771	109718	7.0	6.9	172.8	171.1
August	100126	100194	119.5	119.1	109969	109942	7.0	6.9	173.4	171.7
September	100336	100286	119.6	119.2	110062	110102	7.0	6.9	174.0	172.4

PERSONAL INCOME

	Personal Income		Wage & Salary		Personal Savings		Disposable Income		Personal Outlays	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1985	3.186	3.185	1.903	1.903	145.7	143.4	2.721	2.719	2.575	2.576
May	3.164	3.164	1.908	1.908	171.8	174.3	2.765	2.764	2.594	2.590
June	3.176	3.176	1.917	1.921	90.8	100.4	2.696	2.696	2.606	2.596
July	3.198	3.190	1.930	1.923	98.8	102.1	2.722	2.709	2.623	2.607
August	3.220	3.199	1.942	1.935	109.6	74.7	2.744	2.714	2.634	2.639
September	3.243	3.219*	1.953	1.949*	118.9	78.5*	2.765	2.731*	2.646	2.653*
October	3.261	3.236	1.964	1.960	115.4	97.1	2.778	2.745	2.663	2.647
November	3.280	3.252	1.975	1.969	115.5	102.0	2.792	2.758	2.677	2.656
December	3.300	3.268	1.986	1.978	107.3	102.3	2.803	2.771	2.696	2.668
January 1986	3.311	3.283	1.996	1.990	111.1	102.4	2.820	2.783	2.709	2.681
February	3.335	3.300	2.006	1.999	120.1	101.3	2.842	2.799	2.722	2.698
March	3.363	3.318	2.015	2.009	130.0	107.4	2.864	2.815	2.734	2.708
April	3.375	3.338	2.025	2.021	123.3	113.1	2.874	2.832	2.751	2.719
May	3.385	3.357	2.034	2.030	115.3	113.0	2.883	2.848	2.768	2.735
June	3.396	3.373	2.043	2.039	107.6	117.5	2.892	2.862	2.784	2.744
July	3.413	3.388	2.054	2.049	106.3	115.7	2.908	2.874	2.802	2.758
August	3.426	3.404	2.065	2.059	100.7	111.2	2.921	2.887	2.820	2.776
September	3.440	3.422	2.076	2.070	98.8	110.2	2.934	2.903	2.835	2.792

Fore. = August Forecast
C.E. = Current Expectations
* = This item and those beyond it are projections.

CONSUMPTION

	Personal Consumption		Durables		Nondurables		Services		Consumption Real	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1985	2482.7	2483.0	341.0	341.0	894.1	894.1	1247.6	1247.9	1100.3	1100.7
May	2499.7	2495.6	342.7	342.7	891.2	891.2	1265.8	1261.8	1104.6	1103.9
June	2510.1	2500.4	336.2	333.9	892.1	890.4	1281.8	1276.1	1105.1	1101.6
July	2526.4	2510.4	339.6	336.7	898.4	892.2	1288.4	1281.6	1109.0	1104.9
August	2536.2	2541.5	340.9	358.6	903.8	893.9	1291.5	1288.9	1110.9	1118.3*
September	2546.6	2553.9*	343.7	359.3*	908.3	899.4*	1294.6	1295.2*	1113.5	1121.2
October	2561.5	2547.6	344.1	342.6	910.8	902.6	1306.6	1302.4	1116.1	1113.2
November	2573.6	2555.0	342.7	340.6	911.6	904.7	1319.3	1309.7	1117.5	1111.7
December	2591.1	2566.1	344.6	338.5	914.5	907.4	1332.0	1320.2	1121.2	1113.3
January 1986	2603.1	2577.6	345.5	338.6	916.9	910.3	1340.7	1328.7	1122.0	1114.1
February	2615.0	2593.7	346.3	342.7	919.7	914.1	1349.0	1336.9	1122.8	1118.1
March	2626.0	2602.7	346.2	341.2	922.5	916.9	1357.3	1344.6	1123.2	1118.8
April	2641.2	2613.0	345.5	339.7	927.6	919.6	1368.1	1353.7	1125.8	1118.9
May	2656.7	2628.0	345.6	341.3	932.5	922.9	1378.6	1363.8	1128.1	1121.2
June	2671.9	2635.9	346.0	337.4	937.4	926.0	1388.5	1372.5	1130.2	1120.5
July	2687.9	2649.2	346.8	336.4	943.7	930.1	1397.4	1382.7	1132.7	1121.7
August	2705.3	2665.8	348.1	338.0	949.0	934.7	1408.2	1393.1	1135.7	1124.7
September	2719.0	2681.4	348.5	339.1	951.6	939.7	1418.9	1402.6	1137.2	1127.2

RETAIL SALES

	Retail Sales		Non-Auto Durables		Auto (Million Units)		Nondurable Sales		Auto Sales	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1985	115.35	115.35	16.71	16.71	11.1	11.1	72.42	72.42	26.23	26.23
May	114.81	114.88	16.51	16.66	11.2	11.3	72.33	72.10	25.98	26.13
June	113.94	113.73	16.00	16.24	10.5	10.3	72.36	71.67	25.58	25.82
July	115.14	113.91	16.40	16.42	10.5	10.3	72.85	71.69	25.89	25.80
August	115.74	116.10	16.46	16.29	10.6	12.4	73.29	72.20	25.99	27.62
September	116.45	117.61*	16.59	16.37*	10.7	12.8*	73.65	72.53*	26.21	28.41*
October	116.71	115.61	16.87	16.35	10.4	10.6	73.86	72.79	25.98	26.47
November	116.60	115.53	16.80	16.48	10.5	10.4	73.92	72.96	25.88	26.09
December	117.07	115.50	16.71	16.61	10.7	10.2	74.16	73.18	26.20	25.71
January 1986	117.38	115.73	16.85	16.55	10.6	10.2	74.35	73.41	26.18	25.77
February	117.71	116.54	17.10	16.79	10.4	10.3	74.58	73.72	26.03	26.03
March	117.92	116.59	17.13	16.81	10.3	10.2	74.81	73.94	25.98	25.84
April	118.25	116.62	17.27	16.84	10.2	10.1	75.22	74.16	25.76	25.62
May	118.66	117.09	17.46	17.01	10.0	10.1	75.62	74.43	25.58	25.65
June	119.10	116.85	17.40	17.00	10.1	9.9	76.01	74.68	25.69	25.17
July	119.71	117.06	17.39	17.09	10.1	9.8	76.52	75.01	25.80	24.96
August	120.30	117.63	17.48	17.18	10.1	9.8	76.95	75.38	25.87	25.07
September	120.46	118.17	17.64	17.26	10.0	9.8	77.17	75.78	25.76	25.13

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CONSTRUCTION

	Housing Starts		Single Family Starts		Housing Permits		Construction Expenditures (Current)		Construction Expenditures (Real)	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1985	1.933	1.933	1.155	1.155	1.704	1.704	338.3	338.3	202.9	202.9
May	1.675	1.681	1.041	1.039	1.778	1.778	343.5	347.4	205.7	208.0
June	1.705	1.701	1.027	1.031	1.713	1.712	343.5	345.4	205.3	205.5
July	1.800	1.647	1.072	1.062	1.675	1.694	345.5	349.5	207.1	208.6
August	1.808	1.749	1.095	1.073	1.682	1.754	348.7	351.5*	209.4	209.6*
September	1.793	1.747*	1.118	1.089*	1.661	1.708*	352.7	354.6	211.5	210.9
October	1.806	1.767	1.126	1.116	1.668	1.684	353.5	356.7	211.4	211.7
November	1.792	1.757	1.132	1.115	1.643	1.653	355.8	360.2	212.3	213.1
December	1.777	1.721	1.117	1.093	1.629	1.598	358.2	362.1	213.1	213.6
January 1986	1.752	1.744	1.102	1.126	1.582	1.584	357.2	362.0	212.1	212.9
February	1.725	1.693	1.082	1.104	1.565	1.556	357.1	362.7	211.7	213.0
March	1.698	1.644	1.061	1.062	1.569	1.542	357.2	363.2	211.4	212.8
April	1.643	1.604	1.036	1.051	1.542	1.503	355.0	363.6	209.7	212.4
May	1.591	1.557	1.015	1.028	1.496	1.449	354.0	361.9	208.7	210.9
June	1.539	1.544	0.994	1.021	1.483	1.468	352.9	360.0	207.7	209.3
July	1.535	1.567	0.982	1.024	1.442	1.471	351.8	358.4	206.6	207.9
August	1.553	1.604	0.985	1.068	1.435	1.493	350.0	359.5	205.2	208.2
September	1.565	1.632	1.012	1.094	1.443	1.508	348.9	361.4	204.2	208.8

	Non-Residential		Public Construction		Residential Construction	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1985	134.5	134.5	59.3	59.3	144.5	144.5
May	135.7	132.6	61.0	63.7	146.8	151.1
June	135.0	129.9	60.9	64.8	147.6	150.7
July	138.1	130.2	59.9	66.1	147.5	153.2
August	141.4	133.4*	59.0	66.3*	148.3	151.8*
September	144.7	134.6	59.0	66.6	149.0	153.4
October	143.7	136.1	59.7	66.3	150.1	154.3
November	144.3	137.2	60.3	65.6	151.2	157.4
December	145.0	139.0	60.9	65.9	152.3	157.2
January 1986	145.8	140.3	60.5	64.8	150.9	156.9
February	146.6	141.0	60.7	65.2	149.8	156.5
March	147.3	141.9	61.0	65.5	148.9	155.8
April	148.0	142.4	60.5	66.4	146.5	154.8
May	148.7	143.2	61.0	66.9	144.3	151.8
June	149.3	144.1	61.4	67.1	142.2	148.8
July	150.0	144.8	61.5	66.8	140.3	146.8
August	150.3	145.6	61.7	67.2	138.0	146.7
September	150.2	146.3	61.7	67.4	137.0	147.7

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BUSINESS ACTIVITY

	Manufacturers' Inventories		Durable Goods Orders		Non-Defense Capital Goods Orders		Non-Defense Capital Shipments	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1985	286.0	286.0	99.73	99.84	25.41	25.46	27.26	27.10
May	285.0	284.9	103.03	102.97	25.64	25.59	26.98	26.81
June	285.0	285.7	104.85	106.78	27.40	27.98	27.00	27.48
July	285.4	285.2	103.05	104.37	26.93	26.69	27.16	27.04
August	286.0	285.4	104.96	107.92	27.45	27.21	27.33	27.50
September	286.7	285.3*	103.82	103.86*	27.62	27.58*	27.50	27.56*
October	287.8	286.8	103.56	104.52	27.55	27.63	27.65	27.68
November	288.7	288.1	104.73	105.63	27.82	27.84	27.85	27.82
December	289.6	289.2	104.25	104.73	27.83	27.75	28.04	27.96
January 1986	290.3	290.5	104.17	104.27	27.54	27.56	28.10	27.84
February	291.5	291.6	103.28	106.18	27.59	27.89	28.00	27.92
March	292.8	292.8	105.43	106.47	28.12	28.02	28.09	28.07
April	294.0	293.7	104.81	105.93	28.10	28.13	28.18	28.15
May	295.3	294.9	105.36	105.87	28.42	28.06	28.27	28.23
June	296.8	296.0	105.15	105.96	28.40	27.55	28.35	28.27
July	298.1	297.3	105.72	107.16	28.63	27.89	28.44	28.19
August	299.5	298.7	105.07	107.43	28.55	27.92	28.52	28.15
September	300.5	300.0	104.96	107.08	28.46	27.78	28.60	28.09

	Business Inventories		Defense Shipments		Industrial Production		Capacity Utilization	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1985	580.2	580.2	6.38	6.35	124.3	124.1	80.9	80.8
May	577.9	577.8	6.59	6.58	124.4	124.1	80.8	80.6
June	577.9	579.8	7.07	7.22	124.6	124.4	80.7	80.6
July	578.8	579.8	7.00	6.83	124.8	124.4	80.7	80.4
August	580.3	580.9*	7.03	6.99	125.2	124.8	80.7	80.5
September	581.5	579.6	7.07	7.08*	125.6	125.3	80.8	80.7
October	583.2	582.7	7.15	7.23	126.2	125.8	81.0	80.9
November	585.1	585.3	7.28	7.20	126.9	126.2	81.3	81.0
December	586.9	587.5	7.42	7.31	127.4	126.5	81.4	81.0
January 1986	589.2	589.4	7.53	7.39	127.4	126.8	81.1	81.0
February	592.0	591.6	7.63	7.50	127.5	127.0	81.0	80.9
March	594.2	594.3	7.75	7.59	127.5	127.2	80.7	80.8
April	596.7	596.1	7.84	7.71	127.6	127.5	80.6	80.8
May	599.3	598.6	7.93	7.86	127.7	127.5	80.5	80.5
June	601.3	600.7	8.01	7.93	127.8	127.8	80.3	80.5
July	603.4	603.3	8.15	8.02	127.8	128.0	80.1	80.4
August	605.9	606.4	8.22	8.15	127.9	128.1	80.0	80.2
September	607.8	609.2	8.30	8.23	128.0	128.3	79.9	80.1

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PRICES

	CPI-U (seasonally adjusted)		PPI Finished Goods (seasonally adjusted)		PPI-Industrial Commodities (unadjusted)		Estimated GNP Deflator	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1985	320.4	320.4	293.6	293.6	323.8	323.8	230.23	230.17
May	321.1	321.1	294.2	294.2	325.3	325.3	230.60	230.43
June	321.8	321.8	294.2	293.5	325.2	324.7	231.12	231.05
July	322.6	322.4	294.5	294.4	325.2	324.3	231.75	231.66
August	323.3	323.0	294.3	293.5	324.9	323.6	232.41	232.20
September	324.0	323.6*	294.1	294.1*	324.0	322.6*	233.22	232.78
October	325.0	324.5	294.8	294.7	325.7	323.9	233.84	233.66
November	326.2	325.6	295.3	295.2	326.2	324.3	234.35	234.50
December	327.4	326.6	295.4	295.6	326.6	324.6	234.98	235.12
January 1986	328.6	327.9	296.4	296.1	327.3	325.1	235.90	236.07
February	329.8	328.7	297.2	296.4	328.0	325.5	236.86	236.74
March	331.0	329.6	298.0	297.0	328.7	326.2	237.81	237.46
April	332.5	330.8	298.6	296.8	329.3	325.7	238.54	238.37
May	344.0	332.1	299.1	297.6	329.6	326.3	239.39	239.29
June	335.4	333.2	299.7	298.2	329.9	326.5	240.23	240.18
July	336.3	334.6	300.5	298.5	330.5	327.3	241.11	241.15
August	337.2	335.7	301.6	299.0	332.3	328.0	242.05	241.97
September	338.2	337.1	301.5	299.4	331.1	328.5	242.98	242.80

	Consumption Deflator		Consumer Durables		Consumer Nondurables		Consumer Services		Implicit Construction Deflator	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1985	225.6	225.6	179.2	179.2	221.1	221.1	246.6	246.6	166.7	166.7
May	226.3	226.1	178.5	178.3	221.3	221.1	248.3	248.0	167.0	167.0
June	227.3	227.0	178.1	177.8	220.9	221.3	250.0	249.5	167.3	168.1
July	227.8	227.2	178.6	177.7	221.4	221.2	250.8	250.2	166.8	167.5
August	228.3	227.3*	179.4	178.3*	221.9	221.1*	251.6	251.3*	166.5	167.7*
September	228.7	227.8	180.1	178.7	222.3	221.2	252.4	252.2	166.8	168.1
October	229.5	228.9	180.3	179.3	222.4	221.5	253.6	253.1	167.2	168.5
November	230.3	229.8	180.2	179.6	222.5	221.8	254.8	254.1	167.6	169.0
December	231.1	230.5	180.4	180.1	222.8	222.3	256.0	255.3	168.1	169.5
January 1986	232.0	231.4	180.8	180.6	223.5	222.9	257.1	256.4	168.4	170.0
February	232.9	232.0	181.1	181.1	224.7	223.1	258.2	257.5	168.7	170.3
March	233.8	232.6	181.4	181.5	225.9	223.3	259.3	258.5	169.0	170.7
April	234.6	233.5	181.7	181.9	226.2	223.8	260.6	259.7	169.3	171.2
May	235.5	234.4	181.9	182.3	226.6	224.5	261.8	260.8	169.6	171.6
June	236.4	235.2	182.2	182.5	227.0	225.1	263.0	261.8	169.9	172.0
July	237.3	236.2	182.7	182.6	227.8	225.9	264.2	263.0	170.3	172.4
August	238.2	237.0	183.0	183.0	228.7	226.6	265.4	264.1	170.6	172.7
September	239.1	238.0	183.3	183.4	229.6	227.2	266.6	265.3	170.9	173.1

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MISCELLANEOUS

	Merchandise Trade Balance		Leading Indicators		Estimated GNP		Estimated GNP (1972 $)		IVA (annual rate)	
	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.	Fore.	C.E.
April 1985	-11.85	-11.85	166.6	166.9	3842	3842	1669	1669	-1.0	-0.6
May	-12.67	-12.67	167.8	167.4	3853	3852	1671	1672	0.3	2.2
June	-10.99	-13.42	168.5	168.0	3871	3865	1675	1673	4.9	5.3
July	-11.46	-10.51	169.2	168.7	3890	3885	1679	1677	2.2	6.7
August	-12.96	-12.10*	169.6	169.9*	3912	3912	1683	1685	0.7	6.8
September	-12.95	-12.76	169.3	170.5	3937	3937	1688	1691	1.3	5.4
October	-13.08	-13.27	169.0	170.2	3964	3966	1695	1697	-0.7	3.7
November	-13.17	-13.43	168.4	170.5	3986	3989	1701	1701	-3.4	3.1
December	-12.27	-13.56	168.6	171.1	4008	4015	1706	1708	-6.0	2.4
January 1986	-13.08	-13.27	168.9	171.6	4027	4034	1707	1709	-6.2	1.6
February	-12.96	-13.08	169.3	171.0	4052	4059	1711	1715	-6.9	-0.7
March	-12.88	-12.76	168.8	170.4	4076	4081	1714	1719	-5.8	0.2
April	-13.02	-12.84	168.9	170.7	4089	4104	1714	1722	-3.1	3.1
May	-12.99	-12.75	168.2	171.1	4107	4130	1716	1726	-0.8	2.4
June	-12.87	-12.26	167.3	170.2	4124	4149	1717	1727	-1.1	1.1
July	-12.66	-11.89	167.5	169.8	4145	4171	1719	1730	-4.3	-0.7
August	-12.29	-12.28	167.8	170.3	4167	4192	1722	1732	-5.6	-1.3
September	-12.08	-12.16	168.4	170.6	4190	4208	1724	1733	-6.2	-1.9

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